

**GCA Advisory Board Meeting**  
**February 23, 2010**

**A. Chairman's Welcome**

1. Roll Call: present were Connie Averitt, Martha Bush, Cay Dykes, Norma Edenfield, Heather Heath, Warren King, Marie Nygren, Kim Schuessler, Sheri Threlkeld, Dick White, and Kathy Williams
2. Hospitality Fund: About \$260 remains of the donated funds to support the Peer Review Panel Sessions. The Chairman announced that no additional funds are being solicited, in that the panels are now 100% electronically reviewed and teleconferenced.
3. Board Member News: Sandra Bailey in hospital and recovering, Elaine Trimble facing eye surgery, Jim Nord and Gloria Ragland ill.

The Executive Director presented the key measures and budget status report for last year, this year, and next year.

**B. FY 2009 End-of-Year Report**

1. Contracts 833 (GCA Direct & GAP)  
This was the largest number of contracts in history of the agency, reaching 158 counties.
2. State Allocation \$3,875,014 (6.5% reduction over FY 2008)
3. Federal Grants \$1,030,426
4. Awards Total \$4,014,444 (84% of state and federal budgets)
5. Staff Down 34%
6. Administrative Costs 11% of State Allocation

**C. FY 2010 Mid-Year Report**

1. Contracts 276 (GCA Direct)  
The GAP Mid-year report is not complete.
2. State Allocation \$2,030,056 (56% reduction over FY 2008)
3. Federal Grants \$1,208,618
4. Awards Total \$2,797,751 (79% of state and federal budgets)\*
5. Staff Down 50% as of February 15, 2010
6. Administrative Costs 10.9% of State Allocation (Personnel Services & Operating Expenses)
6. New Mission Implementation: "Access to the arts for all Georgians and increased capacity for the nonprofit arts industry", the later part of the mission has been supported to date through the publication of *Artists Cooperatives*, a research study requested by clients and the hosting of *Arts In Crisis*, a discussion with Michael Kaiser, CEO of The Kennedy Center.

#### D. FY 2011 State Budget Proposal

1. Governor's Budget Recommendation                      \$890,735 (79% reduction since FY 2008)
2. Federal Grants    \$1,136,000

Though this total is available from the NEA, a dollar-for-dollar match is required; and many of these grant dollars must be spent only on specified arts programming. Therefore, some of these dollars can not be used should the proposed budget not change.

3. Other Adjustments:

Because GCA adjudicates applications during the year before contract, and knowing that our budget would be less than last year, the staff had to reduce the number of programs and grants available, as well as reducing staff that ran these programs.

- GCA staff is down to 50% as of February 15, 2010
- Two Program Managers (Traditional Arts & Arts Education) have been terminated along with all of their grant programs, as have two other positions previously eliminated.
- GCA is down seven grant programs since FY 2008
- Yet, applications for FY 2011 have arrived, and 34 new organizations have applied
- The Peer Review Panels will be handled 100% electronically for review and 100% by teleconference sessions, enabling GCA to save around \$25,000 in honoraria, meals, hotels, and travel reimbursement costs

#### E. GCA Analysis of Metro Atlanta Arts & Cultural Coalition Study for GCA Clients

1. A Review of the Study

- Employed GCA's Economic Impact Calculator development. (has not been completed and added to GCA website due to a lack of funds).
- Researched by Georgia State University Professor Bruce Seaman, who also produced results for the Tourism Division's economic impact studies
- Results published in January 2010 proved for the first time that Georgia's nonprofit arts industry is an economic engine for the state; there were 340 respondents from 70 counties that produced \$18.6 million in tax revenues to Georgia (state, county, and municipal), and yielded a \$384 million in economic impact

2. About GCA Client Participation

- Only 98 GCA contractors participated in the MAACC study; which is only 11.7% of the agency's contractors in FY 2009. They received awards totaling \$2,185,503
- Their total income was \$190,661,360; over 94% of these revenues were spent in Georgia
- Their arts programming delivered \$8,174,538 in tax revenues to Georgia and an economic impact of \$164,004,721
- The Return-on-Investment of these 98 contractors in tax revenues is \$3.74 for every dollar invested or 374%
- The cost to the state for producing this return was only 11% of GCA's total state budget (personnel services and operating expenses) in FY 2009

4. Comparison to other Data

- A recent report on return-on-investment from the Film Division at the Georgia Dept. of Economic Development delivered a \$1.3 billion return on a \$770 M investment of state dollars; this is certainly larger than the MAACC study reported
- Meanwhile, whether pushing a paintbrush or a pixel or designing a logo for Corporate Georgia, this one person is an artist. Most people don't know that Georgia's taxpaying artists must work as an entrepreneur, for a nonprofit, and in the for-profit world in order to make a living, and they juggle all three simultaneously. The state's 10<sup>th</sup> largest employment base is artists. And this same artist works not only in the nonprofit arts industry, but also in the film, digital entertainment, and tourism industries.
- Yet, remember that there were 735 other GCA contractors in FY 2009 that did not respond to the MAACC study, so a true comparison is not possible, but the ROI has to be greater

#### 5. GCA FY 2011 Budget Requests

- \$1,000,000 restoration of the Grassroots Arts Program funding, the only state program that guarantees state funds for arts programming into every state. This program's 459 contractors matched their small (the largest was \$2,000, the smallest around \$500) GAP grants with \$2.55, dollar for dollar.
- \$500,000 for other grants enabling GCA to utilize some of its federal grants
- These additions will raise the GCA state allocation to \$2.39 million, which still will be a 58% cut to its FY 2008 state allocation.

E. House Bill 1049 is enabling legislation, a bill, should it be enacted, that allows another government of the state to assess taxation. Under HB 1049, an increase of up to 1% (or a portion thereof) may be requested for the arts and other quality-of-life benefits in a county's local option sales tax, which would require a local voter referendum to pass the increased tax.

- The bill specifies that the funds must go to pre-determined projects within a special community district (a single county or a group of contiguous counties)
- Recipients must be qualified local cultural organizations (arts, music, dance, theatre, history, natural history, animal sciences, or botanical research) that have:
  - Continuously produced/presented for not less than five years
  - That are not an agency of the state
  - That does not receive more than 30% of its funding or \$300,000 (whichever is more) from the state or local government
  - And such districts must have qualified local organizations with combined annual gross revenues in excess of \$100 million or by agreement of two or more contiguous counties seeking to create such a district; no county may be a part of more than one district

In examples provided by MAACC, DeKalb County might earn \$10 million from 1/10<sup>th</sup> of a penny, while Fulton County could earn \$12 million.

At the request of the board, the Executive Director offered her assessment: HB 1049, if passed, will support the arts and cultural entities in the larger counties in the Metro Atlanta Area (Cobb, DeKalb, Fulton, and Gwinnett), and perhaps one or more of the state's next largest urban centers, such as Richmond, Chatham, Muscogee. Other counties will have to join together to create a district to meet the eligibility requirements, particularly the last bullet or \$100 million threshold. However, most of Georgia's nonprofit arts organizations will not profit from this proposed legislation.

#### F. Chairman's Close

Mrs. Williams thanked all for their participation and reminded them that the next board meeting will be held in Atlanta in late June.